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SECURITY INFORMATION

GENERAL HEADQUARTERS
UNITED NATIONS AND FAR EAST COMMAND
MILITARY INTELLIGENCE SECTION, GENERAL STAFF

POLITICAL, ECONOMIC
AND
MILITARY TRENDS
IN THE FAR EAST

DIA review(s) completed.

GENERAL WALTER B. SMITH

OSD review(s) completed.

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MILITARY INTELLIGENCE SECTION

FAR EAST COMMAND
GENERAL HEADQUARTERS

18 December, 1951

POLITICAL, ECONOMIC AND MILITARY TRENDS
IN THE FAR EAST

1. The purpose of this study is twofold: first, to portray the trends of enemy activities during the past six months as they affect the Far East Command; second, to deduce from an analysis of these trends the various possibilities and probabilities of enemy action in the Far East in the near future.

2. The section dealing with Air Trends was contributed by the Deputy for Intelligence, Far East Air Forces.

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SECRET Security Information

**Political, Economic and Military Trends
in the Far East, 18 December 1951**

This estimate consists of an analysis of trends throughout the Far East during the past six months in the military, political and economic fields. Its purpose is to determine the answer to three basic questions: First, do Communist trends provide any indication of the prospects of a military armistice in Korea? Second, in the event of a failure to reach an armistice agreement, do these same trends provide clues to the next Communist move in the Far East? And third, in the event that a military armistice is successfully concluded, do these trends reveal the Communist intentions thereafter?

In order to provide an appropriate background for this analysis of trends, Communist capabilities in the Far East are established as follows:

1. To conclude a military armistice in Korea, and thereafter - as a result of lessened UN pressure - resort to an invasion of Formosa or the commitment of military forces in Southeast Asia.

2. In the event of a failure to reach a successful armistice agreement in Korea, to increase the commitment of Chinese Communist forces in Korea and to commit Soviet forces in Korea.

3. In the event that the commitment of Soviet forces in Korea is accepted as the prelude to World War III, to invade Hokkaido and northern Honshu with Soviet forces.

With these capabilities in mind, the trends will be analyzed in the following sequence: First, the trends in Korea in the political and military fields (exclusive of air activity); second, air trends throughout the Far East - not only in Korea and Manchuria, but in China and the USSR as well; and thereafter, the trends in the military, political and economic fields in China, the USSR and in Southeast Asia.

KOREA

The first requirement is to estimate the probabilities of a military armistice in Korea.

It is now believed that the enemy probably conceived the idea of an armistice as a result of his abortive Fifth Phase Offensive (April - May 1951). It was then that the enemy leaders realized that any further large-scale attacks under the then-existing conditions were not only futile but terribly wasteful.

The enemy leaders were thus confronted with three broad courses of future action. These courses of action were:

1. Continue the stalemate.
2. Terminate the conflict.
3. Import enough military power (particularly airpower, armor and artillery) to resume offensive operations for the purpose of ejecting UN units from Korea.

The first course of action (continue the stalemate) possessed one advantage in that it tied down substantial US forces in Korea, and acted as a drain on the US economy and worldwide military effort, but it had several disadvantages. First, the UN military strength in Korea was increasing at a greater rate than that of the Communists'; second, a continuous stalemate would eventually exhaust the Chinese; and third, the temper of the American leaders was rising and it was not certain that the US might not spurn the stalemate and drive for a complete victory with its probable expansion of the war.

To the enemy leaders, the second course (end the war) would probably involve some loss of prestige, but had other points to recommend it. It would terminate a costly venture for China. It might cause the US to slacken its rearmament program. It would eventually get UN forces out of Korea and

pave the way for future moves against the ROK government. And finally, it was attractive to MAO Tse tung personally and in consonance with the tenets of Chinese Communism which he has preached and practiced through the years. MAO, talking once to Anna Strong, the pro-Communist author, expounded as his basic strategic theory, the following -- "Fight only when victory is certain . . . Run away when it is impossible."* Never was victory less certain for the Chinese Communists than it was in June 1951.

But to the Chinese the termination of the war must not entail great and ostensible loss of prestige for them. The losses and the drain of the war have been too great for China to humble herself in seeking an end to the conflict; and the Chinese people might rebel against a government which had launched them into such an obviously wasteful venture. Moreover, all Asia is in precarious balance, and the stakes for Asiatic Communism are high. Thus, if the Communist leaders adopted this line of action they would be required to steer a hazardous course between what they want (an armistice) and what they can afford to pay (no great loss of prestige).

The last course (expand the war) must have appeared to the Communists as the most hazardous of all. Its rewards, if successful, were great; but its dangers were even greater. The most terrifying of these was the possibility of an expansion of a local war into World War III, involving the Soviet Union before that nation is ready. If not World War III, then at the very least the Communist leaders foresaw in this course of action the bombing of Manchuria, as well as full-scale ground fighting against an ever-expanding UN force. However, the Communists must have calculated that such a course, regardless of hazards, might have to be adopted. Perhaps a satisfactory armistice could not be arranged; if not, then the forces of Communism must be ready for what was to come.

Looking back over the recent past, it now appears that in June or July of 1951 the Communist leaders made a prudent decision. It was this: To seek to terminate the war by an armistice, if this could be arranged, without surrendering all of their recently-gained prestige. In the meantime, to prepare militarily for any eventuality in Korea. That this was their decision has been borne out by their political actions at the armistice conference and by their military operations since July.

The primary political trend has been the generally conciliatory attitude of the Communist armistice negotiators. Starting on 10 July they have compromised with, or acceded to, UN demands on such items as the admittance of newsmen; deletion from the agenda of specific reference to the 38th parallel as the demarcation line; withdrawal of foreign troops from Korea; acceptance of the present battle-line as a temporary line of demarcation; and an inferred willingness to compromise on Item No. 3 of the agenda (inspection and supervision of the armistice).

Their overall attitude and action have continued to suggest that they want an armistice.

In contrast to the enemy's political activities in an effort to obtain an armistice, his military activities have been characterized by intensive efforts to prepare himself for future large-scale military operations.

1. General Attitude

During the past six months, the enemy has conducted an active defense with his infantry deployed on commanding terrain and supported by increasing amounts of mortar, rocket and artillery fire. In the conduct of defensive operations, the counterattack has played an integral part.

In addition to the counterattacks mentioned above, attacks - limited both as to size and objectives - have been launched during this period. In size, these assaults varied from a company to a division reinforced by armored elements. These attacks strove to accomplish one or more of three general missions: (1) To destroy and wear down small UN units; (2) To seize critical terrain features; and (3) To eject UN forces and influence from the islands off the coasts of North Korea.

* Strong, Anna L., "The Chinese Conquer China". pg 207, New York, Doubleday and Co., Inc., 1949.

2. Logistical Build-Up

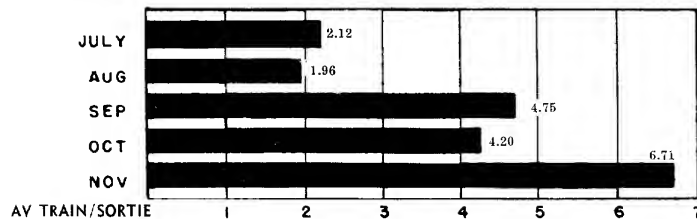
The vehicle and rail sightings confirm the improvement of the enemy's logistical status.

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>
Sightings	42751	50244	71256	76586	57181
Sorties	2169	2091	2719	2828	2506
Ave Sightings per Sortie	19.6	24	26.5	27	22.8

Month	AV VEH/SORTIEO
JULY	19.6
AUG	24
SEP	26.5
OCT	27
NOV	22.8

Train sightings are as follows:

TRAIN SIGHTINGS



In considering these increased train and vehicle sightings certain other factors should be borne in mind. Insofar as train sightings are concerned, the figures for July and August represent trains which were employed for relatively long hauls; whereas the high figures for the next three

months represent trains engaged in short shuttle moves which were required as a result of the many rail cuts inflicted by the UN air interdiction program. The significant feature is the fact that the enemy has been able to muster sufficient locomotives to satisfy his logistical requirements in spite of the interdiction program.

The increased number of motor vehicles can also be attributed to the inverse effects of the air interdiction program, since a large number of vehicles were required to offset the loss of a portion of the enemy's rail capacity. Here again, the significant feature is the fact that the enemy has been able to acquire enough vehicles for the job - and still replace the high losses assessed against him by UN air attacks.

In Summary--all available intelligence leads to the conclusion that the enemy's supply status has improved during the period.

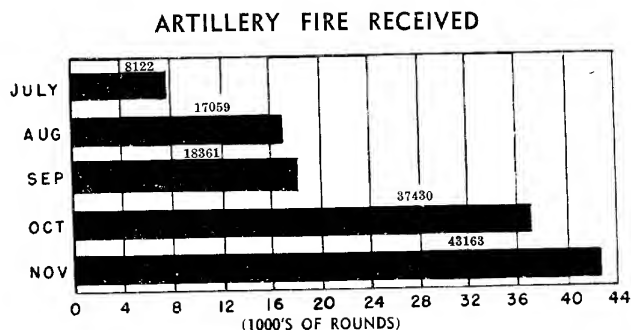
3. Increase of Armor in Forward Areas

Another significant trend during the period has been the increase in enemy armor in and near the Korean front. During August 1951, the 1st and 3rd CCF Armored Divisions were accepted at Singye and Yangdok areas respectively. In June 1951, the 105th NK Tank Division, and in August the 17th NK Mecz Division, began receiving tanks again (both of these divisions lost all tanks in 1950). This brought the total number of tanks in Korea (both NK and CCF) to over 300 -- a significant increase in ground offensive power during the period. It is noteworthy that this armored strength overcame the one deficiency for shock action which characterized previous enemy offensives.

4. Increase in Artillery and Mortar

The enemy has greatly improved his artillery position since 1 July 1951, obviously in an effort to overcome his previous inadequacies in long-range fire support of his infantry units.

The best indications of the expansion of the enemy's artillery capability is shown by the statistics relative to fire received by UN units since June.



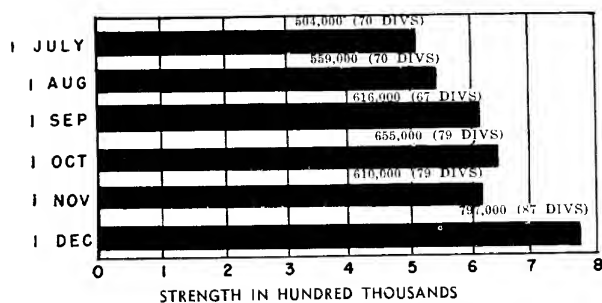
These figures are significant, not only as an indicator of the availability of artillery pieces, but of the availability of ammunition as well.

The enemy's ability to direct and concentrate his artillery fire has shown a corresponding improvement during the period. It is also significant that 132mm Rocket units have made their appearance along the front.

5. Increase in Strength in Korea

Another characteristic of enemy operations in Korea has been the build-up of enemy strength during the period. This is shown by the following table:

ENEMY STRENGTH IN KOREA



This expansion has been counterbalanced to some extent by the dissipation of the enemy's reserve units in the defensive operations characteristic of this period. This is shown by the following chart which shows CCF armies (or elements of armies) and NK corps (or elements thereof) in contact.

	Total	CCF Armies	NK Corps
1 Jul	8 (24 divs)	5 (15 divs)	3 (9 divs)
1 Aug	8 (24 divs)	5 (15 divs)	3 (9 divs)
1 Sep	8 (24 divs)	4 (12 divs)	4 (12 divs)
1 Oct	10 (30 divs)	6 (18 divs)	4 (12 divs)
1 Nov	9 (27 divs)	6 (18 divs)	3 (9 divs)
1 Dec	10 (30 divs)	7 (21 divs)	3 (9 divs)

From the charts, then, it is apparent that the enemy has steadily imported new divisions in order to increase or maintain his strength as his old divisions were ground away in the mill of Eighth Army operations.

6. Joint Operations

Another development characteristic of this period has been the employment of a limited amphibious capability by the enemy. Islands off both coasts have been attacked; and reports have indicated that the operations, although extremely limited in size (the largest of these employed about 1,000 men), have been well executed. It is also significant that TU-2 (light bombers) worked in close conjunction with the assault on the islands off Northwest Korea suggesting that the operations were designed not only to seize the islands, but may have been practice for more significant joint exercises. The enemy's amphibious capability in and near Korea is not now of sufficient importance to create a major threat to UN forces, but he is apparently making rapid strides in the development of this potential. It is another indication of the increase in technical and tactical proficiency which has characterized enemy operations throughout the period.

7. Command Area Shifts

One of the most unusual actions of the enemy during recent weeks has been the shift of the I NK Corps from the Western flank, where it has been employed since the entry of the Chinese, to the Eastern flank. This shift is a clear indication of the nature of the enemy's military policy during the current negotiations - a policy of preparing for any eventuality. It should be noted that this shift facilitates the future solution of tactical and logistical problems by giving each nationality a clear-cut area of responsibility. It places the weakened North Koreans on the less strategic front, and deploys the more powerful Chinese forces along the most favorable natural avenues of attack and defense. Finally, it is significant that this shift has complicated the possible relief of CCF units on the western front by NK forces in the event of a Cease Fire.

8. Conclusions

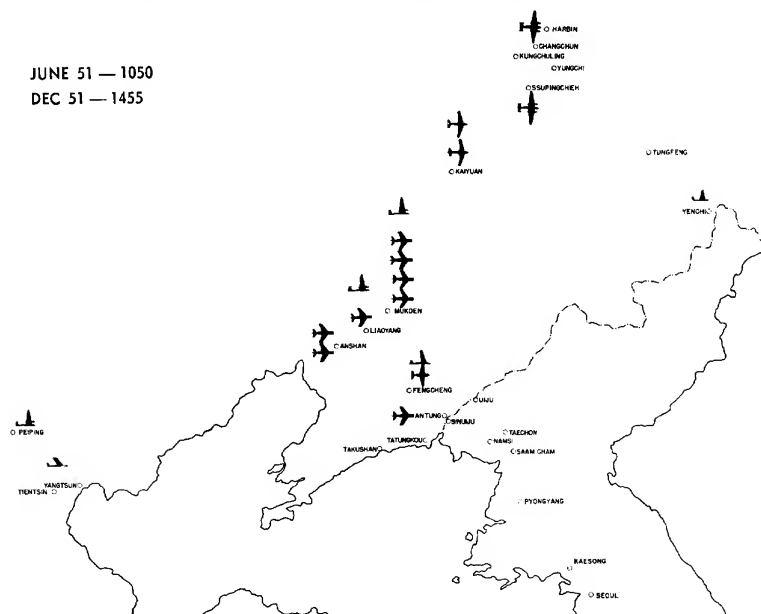
The enemy's military activities since 1 July have been characterized by strenuous efforts to prepare himself for future large-scale operations. From the intelligence available, these efforts have been successful.

AIR TRENDS IN THE FAR EAST

The only trend observable in the Russian Far East Air Force in the past six months has been its conversion from piston to jet fighters. This conversion is continuing; however, the Russian Air Order of Battle remains at 5324 planes, with which they would be capable of launching a maximum single effort of 1500 bombers and 2100 fighters, or a sustained daily effort of 830 bombers and 1530 fighters. It would be anticipated that the majority of the fighters would be used in defensive roles, and the bombers with fighter escort would attack targets within range of their present bases.

The trend within China has been one of organizing, equipping and training an air force, and has manifested itself in the forward movement and build-up of units in Manchuria. The following chart indicates the extent of that activity. Each black airplane shows the location of an enemy air regiment on 1 June when the Chinese Air Order of Battle included 1050 planes, and each red symbol shows the increase in enemy air strength in Manchuria as of this date when the Air Order of Battle has risen to 1455 planes.

ENEMY AIR STRENGTH AND DISPOSITION



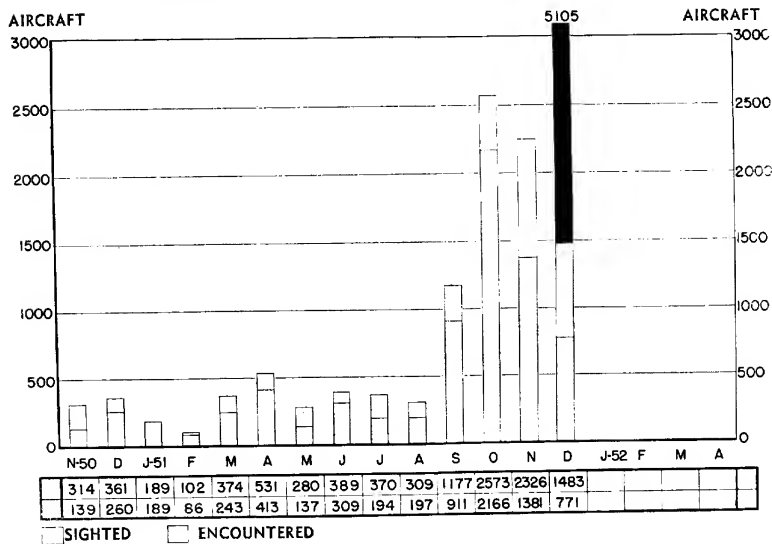
It is interesting to note the number of MIG units in close proximity to the border. These planes give the enemy a large numerical superiority over our comparable types. Although UN pilots are superior to the enemy on the average, the difference between the MIG and the F-86 airplane is so small that there comes a point at which the enemy could achieve air superiority by sheer weight of numbers within radius of action of his established bases. The enemy has indicated no need to conserve his planes, and the Russian production capability is estimated to be 500 MIG-15s per month, a considerable potential backup for the Chinese.

The trend in air facilities has been highlighted by the construction of the three large jet-type fields in the Sinanju area — Saamcham, Taechon and Namsi — and the expansion and use of Uiju field as a jet base. This expansion and construction indicates that the Communists have been aroused by the disadvantages resulting from their lack of air power. Their bid for control of the air revolves around the increased employment of MIG-15 airplanes.

Of primary interest is the MIG-15 activity over Korea. This activity has taken a terrific spurt in the last three months, coinciding with the build-up of units in Manchuria. The following chart shows total enemy MIG sorties over Korea—the lower portion of the bar showing planes encountered and the

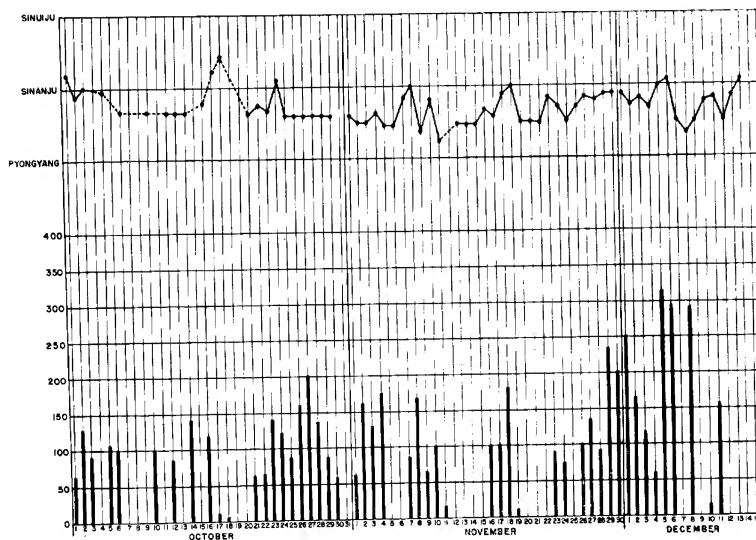
top section, those observed but not encountered — and indicates how rapid was this rise in activity. The bar for December has been projected on the basis of the first nine days activity, and it will be noted that it exceeds the limits of the chart.

MIG-15s SIGHTED AND ENCOUNTERED



A more detailed breakdown of this activity since the first of October is shown graphically below.

MIG ACTIVITY AND PENETRATION



The purpose of this chart is to analyze the factors concerned in enemy MIG activity to determine trends. It combines a geographical with a statistical presentation: the top line represents Sinuiju and the next two lines show Sinanju and Pyongyang. Thus the line graph shows how the center of enemy air activity was concentrated during the period from 1 October to the present. The bar chart indicates total observed enemy sorties over Korea in the corresponding period.

These charts have indicated the fact that the center of enemy air activity has moved well south of Sinuiju into the area south of Sinanju and that during

an 11-day period starting 26 November the enemy has maintained a sustained daily average of about 175 sorties. This is compared to the similar sustained effort in October in which only a 100-plane average was maintained. The October period was followed by a period of very spotty activity. Thus, this sustained effort may give us an indication of the enemy's maintenance and supply capability.

His air power now gives him a double-barrelled capability. Should he use his overwhelming numbers to gain air superiority north of Sinanju he could use the jet fields in this area to back up a further expansion of his air superiority, and to base ground-attack airplanes within range of the present line of contact. Exploitation of this capability would have the effect of reducing the FEAF ability to provide close support for the ground forces. It would also reduce our area of application of the interdiction program, affording the enemy the opportunity for a ground build-up further forward under cover of his own aircraft.

His second barrel is for use in the event the armistice becomes a fact. Hasty repairs to the jet-type fields would permit the Communists to fly in planes just prior to the deadline, thus confronting us with an air force in being in Korea. Plausible reports have also indicated the presence of crated MIGs in considerable numbers as far south as Pyongyang. If true, this would provide an additional source for augmentation of the enemy's air power in Korea. The presence of a sizeable air force close to the demarcation line would pose a constant threat to UN Forces south of that line.

The conclusion to be drawn from this discussion is that the Chinese Communist Air Force, backed by the USSR, has emerged as a major air power and is concentrating its efforts in the Far East on a consistent and carefully developed plan to challenge UN air superiority over the Korean Peninsula. The most significant figures to point out the enemy capabilities are the 125 F-86s compared to over 700 MIG-15s.

CHINA

The Chinese Communists have committed approximately 25 per cent of their regular ground force strength in the Korean hostilities. The forces in Korea consist of large units drawn from each of five major commands (the four field armies and the North China Independent Units). With few exceptions, the units committed in Korea were among the best, if not the very best, which were available to the particular major field command in China. Consequently, the forces in Korea currently comprise a composite force which is considerably larger than even the Fourth Field Army, the largest of the major field commands in China, and from the standpoint of sustained combat potential represents substantially more than 25 per cent of the current Chinese Communist combat potential. Moreover, a major portion of the regular units disposed in China proper, both of first and second class categories, have suffered reductions in combat effectiveness as a result of contributing replacements for Korea (in some cases, up to one-third of a unit's complement was thus withdrawn). The resultant numerical deficiencies apparently are still in the process of being recouped through the absorption of local irregular forces and conscriptees.

In view of the commitment of a major portion of their best troops in Korea and the probable reduction in combat effectiveness suffered by many units disposed in China, it is believed that the Chinese Communists require a respite during which more modernly equipped units can be formed before engaging in offensive operations in spheres outside of Korea. Although precise information on the scale of Soviet reequipping and training of CCF troops in Korea and Manchuria is lacking, several trends are apparent. Evidence of reequipping of CCF units with Soviet materiel began to appear as early as January 1951 but significant amounts of Soviet equipment with CCF units in Korea were not apparent until early summer 1951. Since that time, the percentage of Soviet manufactured equipment captured from the CCF has increased markedly, and a wide variety of Soviet weapons has been identified

in Chinese Communist hands. Except for CCF armored units, there is little indication that Chinese Communist troops in Korea have undergone any extensive Soviet training. Soviet supply of CCF units in Korea is probably a stop gap measure and is independent of an apparently extensive reequipping and training program of CCF units in China. The latter program, largely concentrated in Manchuria but including smaller training installations in other parts of China, may involve up to 50 CCF divisions. This analysis is generally supported by other available information although the number of CCF troops involved in the reequipping program cannot be definitely determined. The following chart indicates several of the more important training centers at which Soviet instructors are involved.

CCF TRAINING CENTERS



Therefore, it is concluded that in the event there is no Cease Fire in Korea, any augmentation forces for Korea will include modernly equipped and trained units. The size of these augmentation forces cannot be determined at this time. In such case, and barring outright Soviet intervention, there will be no new offensive launched by the Chinese Communists in other parts of Asia.

In event that a Cease Fire is concluded in Korea, a well equipped and battle trained Chinese Communist force will be available for redeployment. We can only speculate on the likely disposition of this force should it be withdrawn from Korea, but it is possible that it may be redeployed as a unit with a mission of attacking either Formosa or Indochina. It is also possible that these troops will be returned to their parent units.

Present troop dispositions indicate that the Chinese Communists are not preparing to attack Formosa in the near future. Although evidence of the redeployment of some Fourth Field Army units in South China has been reported and several unconfirmed reports have stated that elements of three armies are being moved into Kwangsi Province and substantial Chinese Communist assistance to the Viet Minh is continuing, there is as yet insufficient evidence to accept a significant build-up of forces threatening Indochina.

There are numerous indications that Communist China is laboring under a tremendous economic strain, and may be nearing the breaking point. None too strong to begin with, after eight years of war with Japan and five years of civil war, the Chinese have already expended more on the Korean War than on the Japanese hostilities, according to CHOU En-lai, the Foreign Minister of Communist China. In the past two years, one scheme after another has been tried in an effort to raise money: taxation to a point where large stores have had their stocks depleted and are unable to replenish them; last year's Victory Loan drive; this year's drive for subscriptions to buy planes and guns; the so-called "donation campaign"; the current program of extortion from the Overseas Chinese; and a new drive for economy, conservation, and elimination of waste; the "production and austerity" campaign. The UN embargo, while not completely effective in cutting off foreign shipments of strategic goods to China, has unquestionably made such supplies more difficult to obtain and much more expensive. China has run critically short of foreign exchange with which to pay for imports, has had to resort to barter arrangements, and has levied and shipped from large areas of South China so much rice that there is almost certain to be serious famine in those areas before the next crop is harvested. Peking is collecting and shipping great quantities of silver to the Soviet Union and has promised to send more grain, coal and ore in payment for Soviet materiel. Inflation has begun with black market activities reported in several port cities in spite of drastic control measures.

There have been no indications of any great changes in either the government or its policy in the event of a Cease Fire in Korea; although there have been several indications that the pro-Soviet clique is attempting to strengthen its already preeminent influence in the Chinese Communist Government. The leader of this group, LIU Shao-chi, Vice-Chairman of the Chinese Communist Party, has announced a tightening of party controls and several leading military personages including LIN Piao and CHEN Yi have been reported "reindoctrinated" in Moscow. If this is the case, Communist China will be readily adaptable to any plan proposed by the Kremlin. There has been little indication of any capability on the part of the other "cliques" to resist the influence of the pro-Soviet group.

SOVIET UNION

Information from within the boundaries of the Soviet Far East has been essentially lacking, and the few reports which have been received through indirect and devious channels have been of low or indeterminate evaluation. However, the general trends within Soviet Siberia may be partially deduced by their reflection in the activities and operations of Communist China and the conduct of the war in Korea.

The Soviets are apparently devoting a major effort to the logistical support of the enemy forces in Korea. During the past six months there has been a steady build-up of enemy air power, armor, artillery, anti-aircraft defenses and vehicles which can only be attributed to the USSR. The Communists ability to cope with the production and supply problem is demonstrated to some extent by their success in replacing the large numbers of vehicles which have been destroyed by UN air. However, this logistical effort is apparently taxing the capabilities of the Siberian and Manchurian rail nets. Unconfirmed intelligence reports cite congested conditions on the rail lines from the USSR to Manchuria and indicate possible restrictions on the shipment of consumer goods. Other intelligence sources report that heavy traffic on the Trans-Siberian Railway is carrying war materiel for depot

storage. Supplementing the rail system, Soviet merchant shipping from the western USSR has also been utilized to supply the Far East. The volume of Soviet shipping has shown a marked increase, brought about primarily by heavier employment of vessels in this theater.

It is logical to assume that, in addition to supporting the Korean War, the Soviets are strengthening their forces in the Far East in the event the war expands beyond the boundaries of Korea, or in anticipation of future planned operations. Direct and reliable information on this matter is, in most cases, lacking.

There has been no discernible trend in Soviet ground strength in the Far East. Reports of the existence of new units have been unsubstantiated.

Military preparations on Sakhalin continue, with agent reports indicating a build-up of troop strength, including airborne forces, and an increased flow of supplies. In the Kuriles, emphasis is being placed on forward base construction.

Soviet sea patrols continue to apprehend Japanese fishing vessels north of Hokkaido, and there have been reported instances of Soviet vessels approaching within a few hundred yards of Hokkaido to illuminate the shore with their searchlights. Interrogation of the Japanese fishermen indicates Soviet interest in the location and strength of US forces and Japanese police on Hokkaido, names of local officials, disposition of maritime safety vessels, and similar information which, when collated, would provide a fairly complete picture of the defensive capabilities of Hokkaido.

In summary, the principal trends within the Soviet areas are briefly as follows:

1. Increased logistical support of the Korean War.
2. Progressive training, employing larger units in more complex maneuvers than previously noted.
3. Stockpiling and accumulation of reserves.
4. Augmentation of Far East naval forces.
5. Development of military installations on Sakhalin and the Kuriles.

SOUTHEAST ASIA

In Burma, dissension within the Government, the Armed Forces and between racial minorities, coupled with increasing insurgent activities and ever-present fear of Chinese Communism in the north, present an over-all situation which can only be described as chaotic. The political situation is hardly less confused than the military. Internal intrigues continue to weaken Governmental administration and to threaten its stability. The pro-Communist Burma Workers' and People's Party, in contrast, continues to strengthen its position through attempts to unify left-wing opposition under its leadership; and it is quite possible that an attempt to overthrow the Government may come from this direction.

In Malaya, a steadily deteriorating internal security situation was highlighted by the recent assassination of High Commissioner Gurney in early October by Communist terrorists whose activities have increased despite an intensification of British military efforts. The new British Conservative Government under Churchill, long known to emphasize the military aspects of the Malayan situation, has sent Colonial Secretary Oliver Lyttleton to study the situation. Drastic changes in both personnel and policy is expected as a result of his findings.

In Thailand, the Armed Forces (including the Police) are capable of maintaining internal security; however, they could offer little more than token resistance against an invasion by Chinese Communists. While there is no security problem at present, recent reports indicate a trend toward increasing guerrilla activity in southern Thailand by Malayan Communists.

In Indochina, the first offensive move outside the Tonkin perimeter in 14 months gained the Hoa Binh Cho Ben area for the French, and severed

two important Communist Viet Minh communication arteries. As yet there has been no Viet Minh attempt to strike back; however, three Viet Minh divisions are reportedly moving to the newly won area and are capable of launching a large-scale attack against the French perimeter at any point.

Recent reports have been received that a political purge within the ranks of the Viet Minh is taking place. Ho Chi Minh, according to these reports, is being ousted to make room for Troung Chinh, a man considered more loyal to Moscow. This could be a result of recent Viet Minh defeats on the battlefield or the elimination of nationalistic elements from the rebels to pave the way for overt Chinese Communist intervention.

Future developments in SEA will hinge on the next moves decided upon by the Chinese Communists. A cease fire in Korea will have a tremendous psychological effect on the Southeast Asia countries. It will add greatly to the feeling of apprehension that, with the subsequent freedom of Chinese Communist troops from the Korean theater, an invasion of SEA will be undertaken.

Despite the increase in CCF strength reported near the Indochina border, there are no definite indications that an invasion is imminent. There has, however, been an intensification of military aid being provided to the Communist Viet Minh by the Chinese Communists.

The greatest threat to Burma is from within. Unless outside aid is accepted and effectively used in the near future, Burma, the weakest link in the SEA anti-Communist front, cannot be expected to survive for long.

In Thailand, the success of Communism will result from its success in Burma and Indochina; the fall of either of these two countries will result in Thailand making some sort of accommodation with the Communists.

CONCLUSIONS

1. In the event the armistice negotiations fail, a stalemate can be expected unless either the UN or Communists throw in added troops; however, an increase in Communist air power is anticipated.

2. In event of a Cease Fire, a strengthening and development of the Chinese Communist Army and Air Force can be expected which may eventually lead to making China the major military power in the Far East. With this growing military strength and continued deterioration of governments in SEA, it is logical to expect the spread of Communism and Chinese influence into this area, which in turn will add greatly to the economic strength in China. It may be expected that this growing military strength in China along with that of Russia in the Far East, unless arrested, will become a serious threat to the security of Japan. Finally, it must be borne in mind that since 1945 the Chinese Communists have succeeded in virtually everything they have attempted, in spite of adverse opinion that they would fail.

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FEAF	21-25
5th AIR FORCE	26
I US Corps	27
IX US Corps	28
X US Corps	29
XVI Corps	30
JLC	31
RYCOM	32
PHILCOM	33
CINCPAC	34
CINCAL	35
EUSAK	36
COM 1st Fleet	37
COM 7th Fleet	38
CMDR Flt Act. Yokosuka	39
CG 1st Marine Division	40
CG 1st Cav Division	41
CG 2nd Inf Division	42
CG 3rd Inf Division	43
CG 7th Inf Division	44
CG 24th Inf Division	45
CG 25th Inf Division	46
CG 40th Inf Division	47
CG 45th Inf Division	48
Engineer Officer, GHQ	49
Chemical Officer, GHQ	50
Signal Officer, GHQ	51
Medical Officer, GHQ	52
Ordnance Officer, GHQ	53
Transportation Officer, GHQ	54
Civil Intelligence Division, GHQ	55
MIS Division, G-2	56
MIS G/FE	57
Quartermaster Officer, GHQ	58
Psychological Warfare Officer, GHQ	59
Reserve, G-2	60-69

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